



## MISSOURI SOUTHERN STATE UNIVERSITY

May 09, 2011

Dr. David R. Russell  
Commissioner of Higher Education  
Missouri Department of Higher Education  
205 Jefferson Street  
P. O. Box 1469  
Jefferson City, MO 65102-1469

Dear Commissioner Russell:

This letter is in response to your letter dated April 22, 2011 that indicates the maximum increase permitted for fiscal year 2012 is \$93.63. You also state that since Missouri Southern State University's increase exceeds the maximum, the penalty and waiver provisions of the HESFA have been triggered.

Please consider this letter and the attachment as our request for waiver of the HESFA penalty. The attachment provides substantial support with regard to the criteria requested and which will be evaluated to determine your decision with regard to the penalty.

Missouri Southern State University supports Governor Nixon's pursuit of a low-cost, high-quality university education for all Missourians. Missouri Southern has always and will continue to put "students first." To continue our mission and our pledge to our students to provide the services and education they deserve, we respectfully request that you grant our waiver request. We thank you for the opportunity to present our information for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Bruce W. Speck".

Dr. Bruce Speck  
President

cc: Rod Anderson, Chair MSSU Board of Governors  
Rob Yust, MSSU Vice President for Business Affairs



## **Request for a Waiver of the Higher Education Student Funding Act (HESFA) Penalty**

In accordance with the provisions of SB389 and in compliance with the expectations set forth by Commissioner David Russell regarding necessary information supplied to the Department of Higher Education when an institution of public higher education in Missouri requests a waiver of the HESFA penalty, Missouri Southern State University (MSSU) submits the following information to support our request.

The state of Missouri has a lawful and ethical expectation that state-supported institutions of higher education use state resources effectively. Such an expectation is eminently reasonable, and regarding the management of tuition, historically, MSSU has consistently maintained the lowest tuition among state-supported institutions of higher education in an effort to keep higher education affordable and, therefore, provide greater access to a university education. Thus, MSSU is the poster child for fulfilling the state's desire to provide higher education to an increasing number of students at the lowest cost.

The noble goal of containing tuition costs and encouraging student access has, however, a real dollar cost that now threatens the integrity of providing high-quality education. Although MSSU appreciates level appropriations in fiscal year 2010, the 5.2% reduction in fiscal year 2011 and the anticipated 7% reduction in fiscal year 2012 will create significant budgetary challenges.

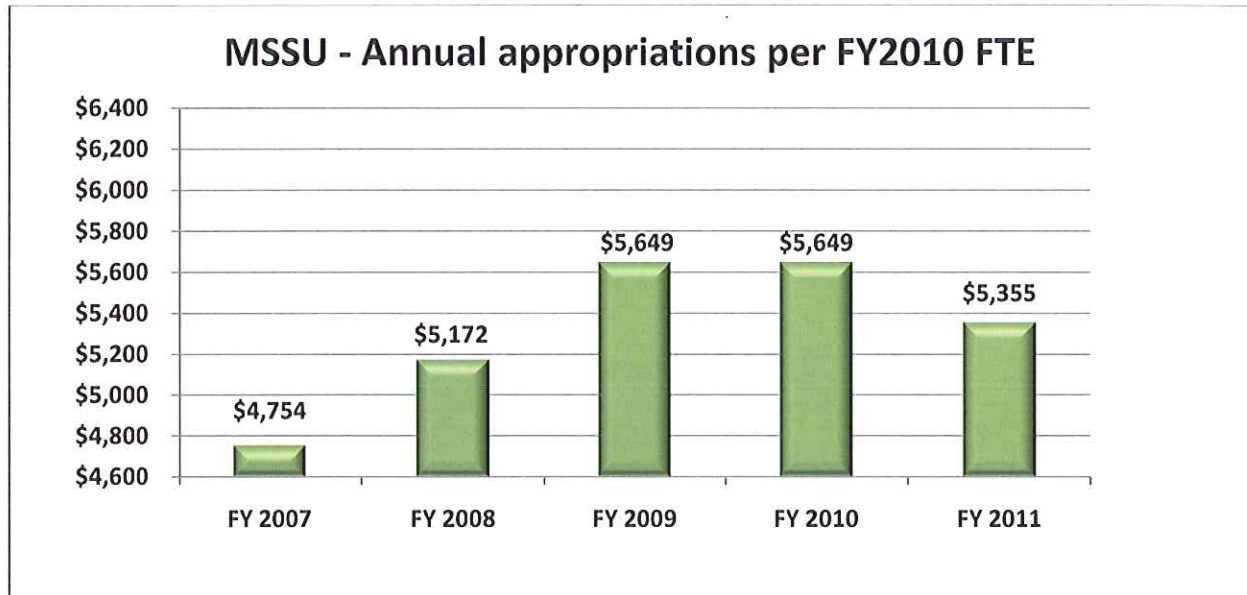
For example, deferred maintenance and increases in non-discretionary operating costs are now at a crisis point at MSSU threatening the institution's infrastructure and, concurrently, threatening the ability of the institution to make good on its promise of providing an excellent education for students. The crisis can be traced to multiple causes, but the major cause has been the increasingly lower support from the state coupled with consistently low tuition increases based on the premise that MSSU's primary function is to provide affordable education to an increasing number of students. Nationally, the mandate to educate more students has been reinforced by the desire of leaders in Missouri to achieve the high goal of 60% graduation rate for higher education by 2020. MSSU heartily endorses that goal, but the cost for reaching the goal must be realistically calculated. Given the current budget realities at MSSU, including decreases in state appropriations, a 60% graduation rate by 2020 could only be attained by significantly compromising the ethical requirement to offer an education that will provide students with the expertise necessary to compete in the marketplace for jobs.

To address economic realities, on April 15, 2011 the Missouri Southern State University Board of Governors unanimously approved a 9.27% increase in tuition for academic year 2011-2012. A Board member said it best during the meeting: “Nobody likes having to raise tuition. The motion that is on the floor is something that is fiscally sound but certainly not excessive. We’ve got to keep the doors open. We’ve got to have a first-rate university and we want to minimize the impact on students.”

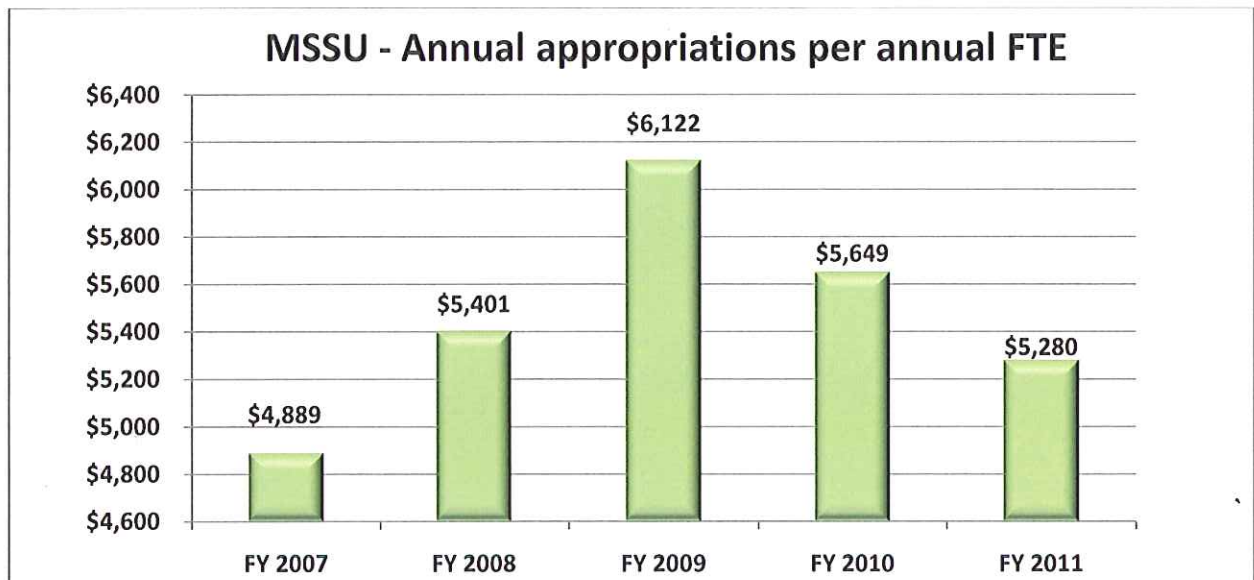
The following pages address the requested criteria to support our request for a waiver of the HESFA penalty as stated in Section 173.1003, RSMo.

***Criterion #1 – State operating appropriation for FY 2010 per FTE student for academic year 2009-10 compared to the state operating appropriation for FY 2011 per FTE student for academic year 2009-10:***

Using fiscal year 2010 appropriations per FTE student (4,531 per fiscal year 2010 IPEDS) for academic year 2009-2010 as a benchmark to compare appropriations for other years yields the following data: for fiscal year 2010, our state operating appropriations per FTE was \$5,649; for fiscal year 2011, due to the 5.2% appropriation reduction, the amount is \$5,355 per FTE. This is a reduction of \$294 per FTE as shown in the table below:



However, actual annual state operating appropriations as compared to *each* academic year result in the following: for fiscal year 2010, our state operating appropriations per FTE was \$5,649; for fiscal year 2011, due to the 5.2% appropriation reduction, the amount was \$5,280 per FTE which is \$75 less than the calculation on fiscal year 2010 FTE as indicated in the table above. Thus, the actual reduction in state appropriations since 2009 is \$842 per FTE as shown in the table below.



With the impending appropriation reduction for fiscal year 2012, which will further reduce the appropriations per FTE amount, the need for a substantial increase in the tuition rate intensifies. As growth in enrollment occurs, we are educating more students with fewer resources.



***Criterion #2 – Mandatory costs that have increased at a rate that exceeds the increase in the CPI, including but not limited to increased costs incurred in connection with the implementation of new mandates or legal requirements:***

Missouri Southern, as well as other universities, has experienced considerable increases in numerous expenses that have had a significant impact to our operating budget. Some of the increases include but are not limited to MOSERS, healthcare insurance, utilities, technology related expenditures, as well as other items.

For example, MOSERS has seen a 1.3% increase from fiscal year 2009 to fiscal year 2011. With the 1.3% increase, actual expenditures for fiscal year 2010 were \$2,707,580 which represents 5% of our operating expenses.

Healthcare costs also have escalated an average of \$200,000 over the past two years and all indications are that we expect similar increases for fiscal year 2012. Due to rising costs in fiscal year 2010, the university passed a portion of this expense on to our employees. This was an unfortunate budgetary necessity which created additional economic burden to our employees, especially since we are in now our third year of no across-the-board salary increases and have budgeted no across-the-board increases for fiscal year 2012. Our employees will continue to feel the brunt of this economic crisis each year that we do not provide for salary increases yet pass additional healthcare costs to them.

In addition, utilities, software licensing, and maintenance service contracts have all increased significantly during recent years. For fiscal year 2012, the local electric company has filed for a 9.2% rate increase which would equate to approximately \$150,000 increased cost to MSSU. Even though utility rates continue to escalate, MSSU continues to mitigate some of the increases through conservation efforts. In addition, as will be discussed in criteria #7 with regard to deferred maintenance, we expect to see savings from the replacement of our central plant through more efficient equipment. Software licensing expense is expected to increase \$50,000 - \$75,000 due to contractual escalators. Maintenance service contracts will see similar inflationary increases.

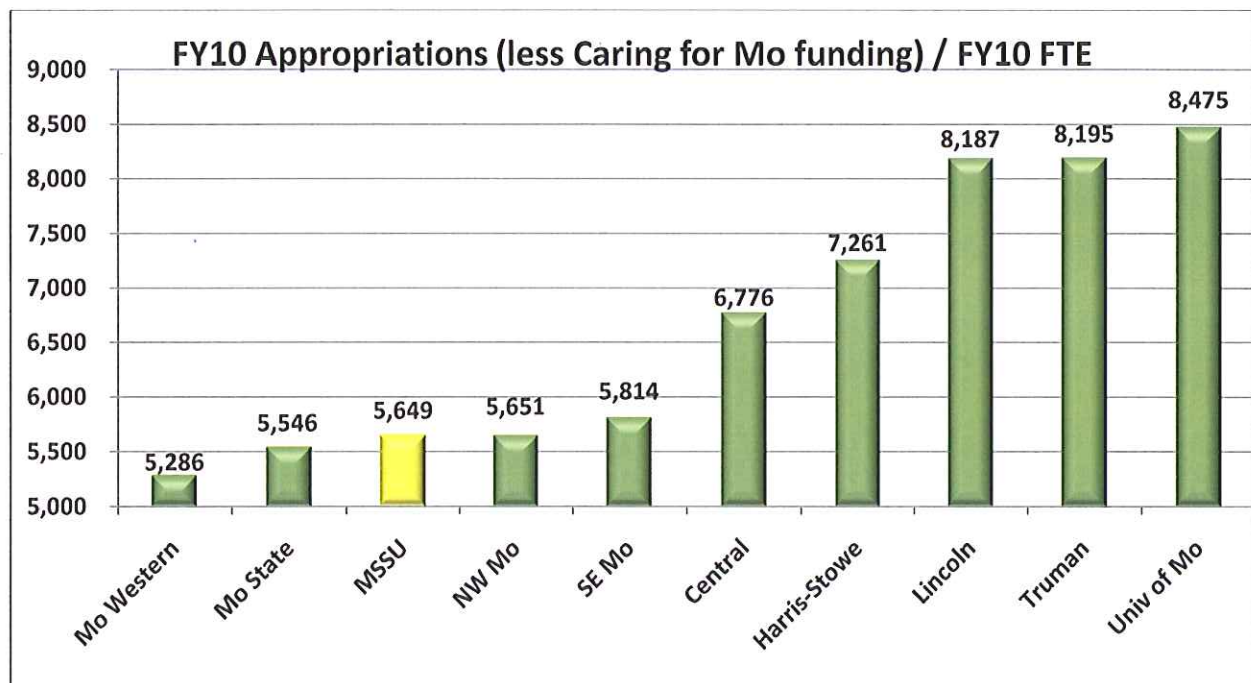
Also, we have been cognizant of our student financial needs and have worked to meet those needs through institutional scholarships and student employment. MSSU's Federal Work-study authorization decreased 35% or \$122,000 from fiscal year 2007 to fiscal year 2010 while our institutional dollars for student help increased approximately the same amount to offset the impact to our students. For fiscal year 2011, our Federal Work-study authorization decreased an additional \$100,000. Thus, we have used approximately \$122,000 from our E&G to offset a loss in federal funding during the last four years, and we anticipate additional E&G contributions in 2011.

In planning our fiscal year 2012 budget, we acknowledge that utilities, software licensing fees, service contracts, additional cost from the implications of lost appropriations for MOREnet, fuel as well as numerous other critical expenses will see inflationary increases.

***Criterion #3 – Historical trends in the institution’s operating appropriations, tuition policy and other financial issues and relationships:***

Missouri Southern has historically offered the lowest tuition in the state which has had an impact on our total tuition revenue. To meet the needs of our students and the university, MSSU has relied heavily on state appropriations. With the proposed appropriation reductions for fiscal year 2012, MSSU’s appropriations will be below the fiscal year 2008 level.

The Higher Education Funding Task Force report, adopted by the Missouri Coordinating Board for Higher Education on June 12, 2008, acknowledged in item 9 of the Operational Features of the COPHE Funding Model that Missouri Southern State University was **one of two** schools to receive a special funding adjustment. This adjustment was to be made for *funding inadequacies* attributable to the mission change from two-year to four-year status. This adjustment was to occur in fiscal years 2011 and 2012. MSSU understands that with the current economic realities facing the state, there is not an opportunity for this adjustment to be made at this time. As reflected in the graph below, Missouri Southern State University continues to be one of the lowest funded institutions, a fact emphasized in the Higher Education Funding Task Force report. The official acknowledgement of MSSU’s need for an adjustment further testifies to the need to increase tuition to help offset the rising costs of providing quality education.



Source: Fiscal year 2010 appropriations from MDHE. Fiscal year 2010 FTE from IPEDS.

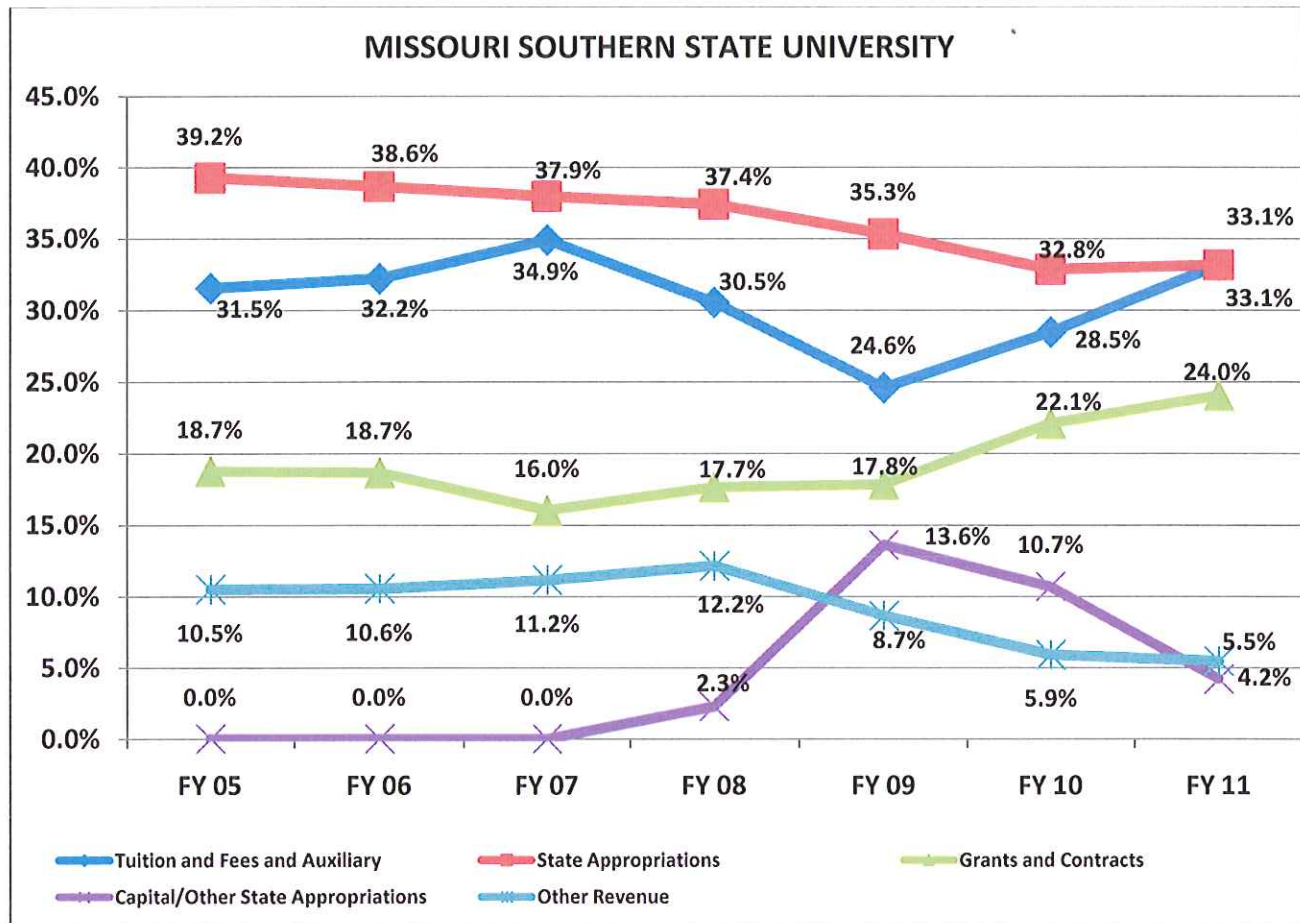
MSSU traditionally has always been cognizant of the impact of tuition increases to our students. In the five years preceding the implementation of SB389, our tuition increased by 8.87% while the average CPI rate increased by 13.5%. During this time, we held tuition level one year and reduced tuition the following year to minimize the impact to our students. MSSU continues to provide the lowest annual tuition and fee cost among Missouri's four-year public universities as outlined in the table below. In fact, even with our tuition increase, MSSU will still be approximately \$1,100 per student below the fiscal year 2011 annual average tuition and fees. Unfortunately, the realities of rising costs and diminishing appropriations dictate that we look to tuition and fees to help mitigate these factors.

**Per MDHE: Calculation of total average tuition and fees:**

<b><u>University</u></b>	<b><u>FY2008</u></b>	<b><u>FY2009</u></b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>
University of Missouri - St. Louis	\$8,263.92	\$8,595.36	\$8,595.36	\$8,583.36
Missouri U. of Science & Technology	\$8,172.40	\$8,488.40	\$8,488.40	\$8,483.05
University of Missouri - Columbia	\$8,098.36	\$8,466.58	\$8,430.90	\$8,430.90
University of Missouri - Kansas City	\$7,946.00	\$8,272.48	\$8,272.48	\$8,272.48
University of Missouri (Average)	\$8,120.17	\$8,455.71	\$8,446.79	\$8,442.45
Northwest Missouri State University	\$6,438.00	\$6,911.70	\$6,701.70	\$6,882.60
Truman State University	\$6,431.92	\$6,692.00	\$6,692.00	\$6,692.00
University of Central Missouri	\$6,224.50	\$6,585.00	\$6,478.80	\$6,652.80
Lincoln University	\$5,995.00	\$6,175.00	\$6,175.00	\$6,175.00
Missouri State University	\$5,988.00	\$6,262.00	\$6,166.00	\$6,316.00
Southeast Missouri State University	\$5,925.00	\$6,257.70	\$6,167.70	\$6,317.70
<b>ANNUAL AVERAGE TUITION &amp; FEES</b>	<b>\$5,909.87</b>	<b>\$6,218.65</b>	<b>\$6,144.94</b>	<b>\$6,242.23</b>
Missouri Western State University	\$5,330.00	\$5,560.00	\$5,560.40	\$5,726.30
Linn State Technical College	\$5,190.00	\$5,370.00	\$5,370.00	\$5,460.00
Harris Stowe State University	\$5,090.00	\$5,320.00	\$5,320.00	\$5,320.00
<b><i>Missouri Southern State University</i></b>	<b><i>\$4,276.00</i></b>	<b><i>\$4,816.00</i></b>	<b><i>\$4,516.00</i></b>	<b><i>\$4,681.90</i></b>



In addition, the relationship between state appropriations and tuition revenue at MSSU is such that a decrease in appropriations creates a unique burden for MSSU. The line graph below reflects our heavy reliance on state appropriations. In fiscal year 2005, revenue resources indicate 39.2% was from state appropriations and 31.5% was from tuition and fees. In comparison, by fiscal year 2011, budgeted figures indicate both revenue sources will be 33.1%.



One could argue that sufficient enrollment growth would produce sufficient tuition and fees to offset to a great extent cuts in reductions in state appropriations. MSSU is grateful for increased enrollment growth for every term during the last six of seven terms, and that enrollment growth has produced increased revenue in tuition and fees. However, although enrollment growth is generally positive, each student at MSSU is supported by a combination of tuition and appropriations. When the appropriation component decreases significantly, other revenue has to be found to support students' education.

Indeed, the proposed tuition increase will not fully replace approximately \$2.9 million of lost appropriations from fiscal year 2011 and 2012. Thus, MSSU will continue to pursue opportunities for other sources of support as well as reviewing cost saving measures.

The table below details the total annual revenue produced per student from tuition and fees and appropriations. As indicated, MSSU has the lowest total annual revenue per student in the state. Even with the tuition increase, we will continue to have the lowest total annual revenue of all Missouri four-year public universities.

**Annual total revenue received per student from tuition and fees plus appropriation per FTE**

<b>University</b>	<b>Tuition and Fees</b>	<b>Appropriations</b>	<b>Total</b>
	<b>FY 2010</b>	<b>FY 2010 FTE</b>	
University of Missouri (Average)	\$8,446.79	\$8,475.00	\$16,921.79
Northwest Missouri State University	\$6,701.70	\$5,651.00	\$12,352.70
Truman State University	\$6,692.00	\$8,195.00	\$14,887.00
University of Central Missouri	\$6,478.80	\$6,776.00	\$13,254.80
Lincoln University	\$6,175.00	\$8,187.00	\$14,362.00
Missouri State University	\$6,166.00	\$5,546.00	\$11,712.00
Southeast Missouri State University	\$6,167.70	\$5,814.00	\$11,981.70
<b>ANNUAL AVERAGE</b>	<b>\$6,144.94</b>	<b>\$6,684.00</b>	<b>\$12,828.94</b>
Missouri Western State University	\$5,560.40	\$5,286.00	\$10,846.40
Harris Stowe State University	\$5,320.00	\$7,261.00	\$12,581.00
<b><i>Missouri Southern State University</i></b>	<b><i>\$4,516.00</i></b>	<b><i>\$5,649.00</i></b>	<b><i>\$10,165.00</i></b>

Source: Fiscal year 2010 appropriations from MDHE. Fiscal year 2010 FTE from IPEDS.

***Criterion #4 – Costs related to your institution’s mission that require growth in revenues in excess of the increase in the CPI:***

In the spring of 2005, MSSU advanced an institutional commitment to emphasize student success. MSSU submitted an application to the Policy Center on the First Year of College for participation in the Foundations of Excellence Inaugural National Select Cohort during the 2005-2006 and 2006-2007 academic years. The application focused on student learning and targeted accelerated and advanced efforts to assess and improve student learning.

As a result, the First Year Experience program was developed at Missouri Southern. The development of this program required significant resources that over the last four years averaged \$200,000 per year. This program is dedicated to assisting students with their transition to university life. We understand that this is a significant transition. Our goal is to make the first year a success so that we retain students and they achieve their personal goal of graduation and the Governor’s goal of increased graduation rates.

In addition to the First Year Experience program and central to our mission, we invest substantial resources in our Institute for International Studies (IIS). Students have numerous opportunities to engage in international activities including travel abroad study trips as well as our unique offering of themed semesters each fall.

Study abroad programs provide Missouri Southern students with additional opportunities to gain an understanding of other cultures and international issues. In 2011, there are multiple study abroad opportunities for students to travel under faculty supervision. Individually, students can spend an entire semester in such countries as Argentina, China, England, France, Germany, Japan, the Netherlands, or Scotland through the International Student Exchange Program or Missouri Southern’s bilateral agreements with universities around the world.

The most distinctive aspect of Missouri Southern’s effort to internationalize the curriculum, and the one with the most tangible effect throughout the campus community, has been the designation of “themed semesters.” Each fall, a particular country or region of the world is selected to become the focus of intensive study. For the fall 2010 semester, we highlighted Brazil. Missouri Southern was one of 13 U.S. colleges and universities included in Internationalizing the *Campus 2004: Profiles of Success at Colleges and Universities*, a major report published by NAFSA: Association of International Educators, for its themed semesters. The report showcases U.S. colleges and universities that are making innovative, wide-ranging efforts to integrate global approaches to teaching into campus learning. Clearly, a major thrust of higher education nationally and in Missouri is to ensure that students understand global citizenship, and MSSU is dedicated to promoting international awareness for *all* our students.

In addition, the university recognizes that to meet the needs of our traditional students, we need to look at other enrollment opportunities for revenue growth. One of our strategic plan objectives is to expand learning opportunities through distance education. To achieve this objective, the university is investing an additional \$700,000 of institutional resources in fiscal year 2012 for our distance education program.

To further guarantee student success and at the recommendation of the Higher Learning Commission, the university has reestablished the position of Vice-President for Student Affairs. This brings together a unified and collaborative group under one leader to ensure the success of students and contribute meaningfully to the students' collegiate experience.



***Criterion #5 – Costs related to other initiatives designed to meet specific needs of the State of Missouri that require growth in revenues in excess of the increase in the CPI:***

In conjunction with Governor Nixon's and Missouri Southern's desire to put "students first," we recognize the need for students to utilize on-campus employment opportunities to assist them in meeting their educational financial obligations. However, over the course of the last four years, Federal and State minimum wage has increased 24%, resulting in additional expense to the university.

In addition, the State of Missouri recognizes the serious need for graduates in healthcare fields. The shortage of healthcare providers is particularly acute in Missouri. Almost 90% of Missouri counties are experiencing shortages of physicians and dentists. To address this shortage, the State provided additional appropriations to Missouri higher education institutions. In fiscal year 2010, Missouri Southern received \$1.1 million under Caring for Missourians to provide access to quality educational programs for Missouri's future healthcare providers. The university will need to address the continuation of the increased programs without the additional \$1.1 million appropriation dollars.

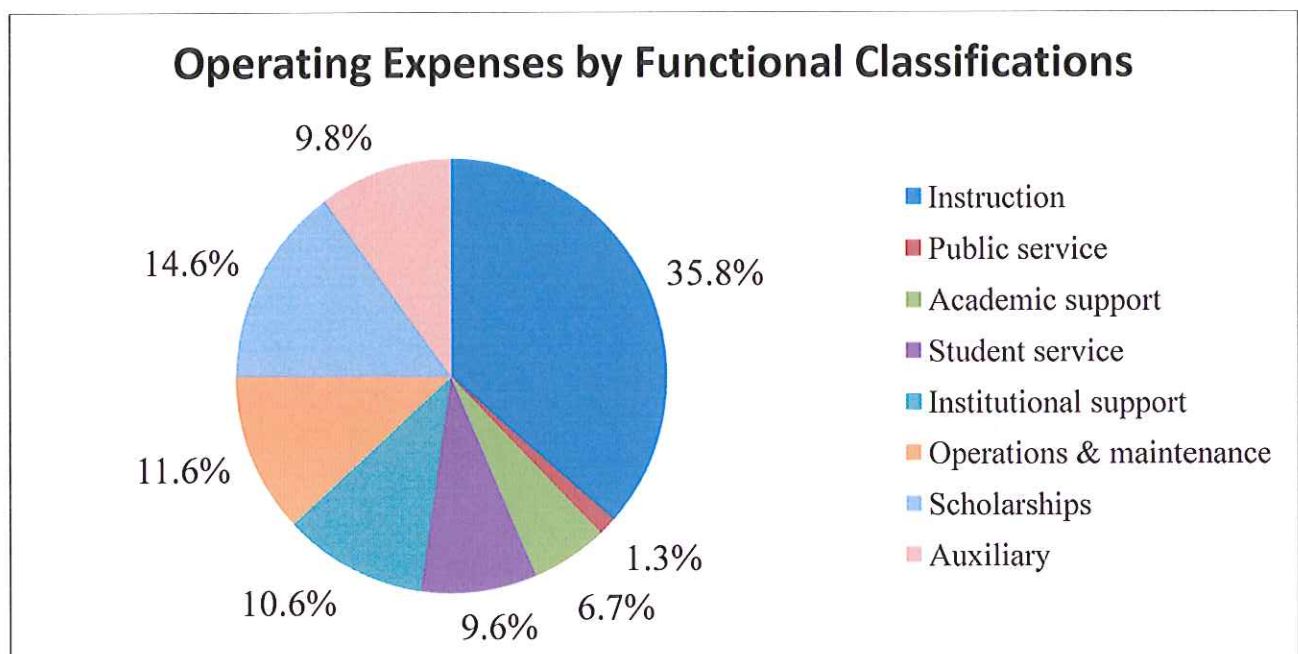
Medical technology fields are also a priority of the state. To assist in meeting this priority, we understand the need for additional support in our pre-requisite science courses. To facilitate this need, we seized an opportunity to renovate the Ummel building at a cost of \$1.2 million to expand our science laboratories.

Indeed, Missouri Southern, through our strategic plan, is committed to promoting Science, Technology, Engineering and Math (STEM) programs and professional development opportunities to satisfy regional workforce demand. A key strategic initiative for the future development of our area is to seek funding related to STEM programs. MSSU is committed to a focused effort to recruit and retain majors in these areas. The University is also committed to providing the necessary funding to achieve this goal. Professional development opportunities in STEM areas have been offered by various departments to satisfy regional workforce demand. We are committed to sustaining these offerings and responding to the needs of our industry partners to increase their competitiveness.

To further our commitment to "students first," we recognize the need to start building student relationships early on. MSSU has joined the Bright Futures program in an effort to offer resources to our Missouri students that may be in jeopardy of dropping out of school and may never have an opportunity to move forward to a university experience. Bright Futures is a grass roots, community based program that creates partnerships and utilizes community resources for the common goal of helping our kids and strengthening our families and community. Bright Futures is about cultural change and building a community where education is important and valued. We hope that our involvement in this program will result in students who will complete their post-secondary education and thus assist in meeting the Governor's goal of increased graduation rates.

***Criterion #6 – The current and/or historical structure of the institution’s total budget, including the institution’s allocation for faculty and non-faculty salaries, institutional financial aid, student support, research, physical plant maintenance and other operational activities:***

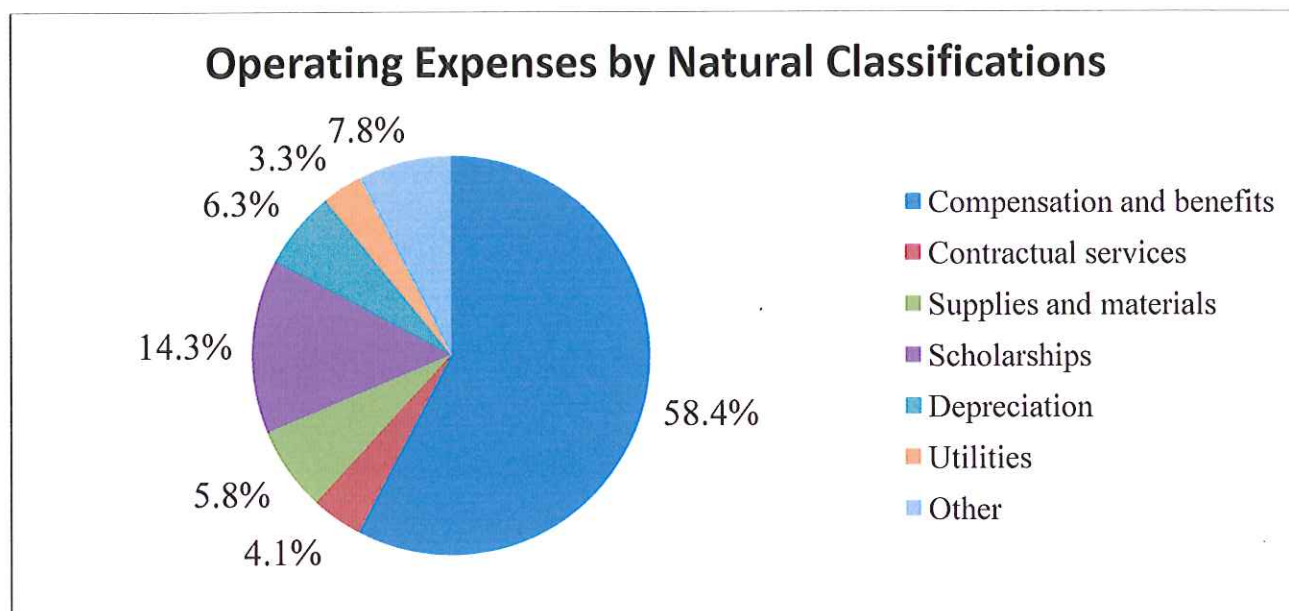
The graph below from Missouri Southern’s fiscal year 2010 audit reflects expenses by function. Sixty-seven (67) cents of every dollar spent by the University is for instruction, public service, scholarships and the required academic and student support services. Physical plant expenditures for operation and maintenance are twelve (12) cents of every dollar. Eleven cents (11) of every dollar supports the administrative needs of the University, including executive administration, accounting, procurement, human resources, and public relations. Auxiliary enterprises represent the remaining ten cents (10) of each dollar.





The graph below from Missouri Southern's fiscal year 2010 audit reflects operating expenses by "natural classification." Of the total operating expenditures, \$35.2 million or 58.4% was for salaries and benefits. Faculty salaries and benefits constituted \$17.8 million or 51% of total compensation expense. For the last three fiscal years MSSU has not given across-the-board faculty or staff salary increases. In the same time frame, premiums for the University's most widely subscribed healthcare plan have risen 27.5 %. Approximately 50% of this increase has been absorbed by employees resulting in a decrease in take-home-pay for many employees. Total compensation and benefit expense between fiscal years 2008 and 2010 decreased .4% while credit hours taught increased 10%.

In fiscal year 2010 operating budgets were reduced by \$630,923 or 7.3% including the elimination of two athletic programs. In fiscal year 2010, \$5.7 million or 23% of undergraduate tuition was discounted to students in the form of institutional scholarships. With the proposed tuition increase, student financial assistance in the form of scholarships will increase approximately \$100,000 for institutional aid that is tied directly to tuition on a one-to-one basis.



***Criterion #7 – Damage, destruction, or deterioration of facilities, infrastructure, property or other physical assets of an institution for which there are insufficient funds from state appropriations or insurance proceeds to repair or replace:***

MSSU has historically managed its budget by deferring real facilities maintenance needs to maintain affordable education. These needs have not been addressed due to closely aligning MSSU with the state's goals of restraining costs and increasing access. In the January/February 2011 edition of *Trusteeship, the publication for the Association of Governing Boards of Universities and Colleges*, it is recommended that 2% of the replacement value of a university's physical plant be devoted to deferred maintenance. As reflected in decision item #3 of Missouri Southern State University's 2012 budget request, the LABS value of just the academic part of our physical plant is \$194,241,605.88. Two percent would require MSSU to devote approximately \$3.9 million to deferred maintenance annually. Missouri Southern has historically allocated approximately \$300,000 annually to address these issues.

Consequently, Missouri Southern addresses most maintenance issues on an emergency basis. As an example, during the summer of 2010, MSSU had to replace four (4) chillers which failed due to the excessive weather conditions and lack of funding for routine maintenance. The total cost of this emergency, non-budgeted expense was in excess of \$650,000. In addition, a \$500,000 boiler became inoperable and will be replaced soon.

In addition, a current crisis in our infrastructure is the anticipated replacement in fiscal year 2012 of MSSU's central plant boilers and chillers which are no longer able to function after being nursed along for many years. The estimated cost to replace the 45-year-old central plant is \$3.5 million which will be internally funded. Numerous elevators and fire alarm systems are in need of replacement, creating a tremendous safety issue for our students, faculty and staff. Repairs to our residence halls are needed, including replacement of antiquated plumbing that threatens to shut down water supply to students for basic needs.

Additional maintenance items include numerous roof projects, fiber network replacement and communication wiring upgrades. The total cost of the known deferred maintenance items is approximately \$13.2 million. This amount does not address the needed renovation of some of our academic facilities. Reynolds Hall, housing science and math, was featured in the *MDHE Facility Review Report*, December 2009, as in particular need of upgrade. This 45-year-old facility has undergone relatively minor renovations and has been listed as the top capital need for MSSU for numerous years. To alleviate some of the issues pointed out in the MDHE report, Missouri Southern is renovating part of an existing building (Ummel Technology) to house some of the science labs. This project will further emphasize MSSU's commitment to the STEM programs. The estimated \$1.2 million upgrade is being funded from Missouri Southern's limited reserves and supplemented by external contributions solicited by the Missouri Southern Foundation.



***Criterion #8 – Actions your institution has taken to reduce costs and become more operationally and financially efficient. Examples may include, but are not limited to, any elimination or restructuring of academic programs or reductions in administrative structure or staff:***

During the last three years, MSSU has implemented numerous cost saving measures for two reasons. One, for fiscal year 2009, the Board of Governors approved a budget that required \$2.7 million deficit spending. Two, when the global economy stumbled in fall 2008, MSSU immediately took stringent measures to reduce spending in anticipation of very difficult economic times ahead.

The cost-cutting measures MSSU enacted include:

- Departmental core budget reductions
- Athletic program elimination (men's soccer and women's tennis)
- Elimination of across-the-board salary increases in fiscal year 2009, 2010, 2011 and 2012
- Restrictions on overtime pay
- Travel restrictions
- Position review
- Utility conservation
- Health care employee premium cost share
- Retirement incentive program
- Elimination of contracted external armored bank deposit services
- Offset of personnel and operating supply costs through grant resources

The guiding philosophy behind cost-cutting measures was that every effort should be made to maintain full employment of those working at MSSU. Thus, MSSU did not resort to furloughs, across-the-board salary reductions, or layoffs. However, every vacancy is scrutinized to determine if we can reorganize or absorb the work without filling the vacant position. But in some cases, the position must be refilled as most offices are thinly staffed and in some cases are one-person operations. As we see continued enrollment growth, additional staff will be necessary to provide quality, timely, efficient and effective service to our students. Additional faculty will be critical to teaching the quality education that we pride ourselves on.

Given the climbing unemployment rate during the recession, it seemed counterproductive to add more people to the unemployment lists when such action was avoidable. However, the time has come when people and programs are the next possible means in an attempt to fix a structural deficit, given the proposed reductions for fiscal year 2012. MSSU has no expectation that the appropriation reductions from fiscal year 2011 and 2012 will be quickly mitigated in future budget years. Indeed, the expectation is that the next decade will present the challenge of permanent restructuring of higher education nationally.

***Criterion #9 – Any other extraordinary circumstances:***

The circumstances of the last three years are certainly extraordinary. The phrase that this is the “new norm” is more than appropriate. The state has seen great revenue struggles which impact all areas of state funding. The impact to higher education creates a dilemma in the goal to provide low-cost, high quality education and services that our students deserve and demand but with resources that are reduced or limited. The impact of appropriation reductions in fiscal year 2011 and 2012 amount to millions of dollars. The impact of level tuition for three years in a row is enormous. We recognize the impact of reduced appropriations could have been more significant if not for the agreements with regard to tuition and we are thankful for the concessions that have been made. However, we are now at a point in the road that the collective consequences of reduced appropriations, level tuition and rising costs force us to look toward tuition for revenue that at best will keep us basically at status quo.

Beyond state appropriations and tuition, auxiliaries, philanthropic giving, and grants are the only other sources of income. MSSU’s auxiliary income is negligible, amounting to approximately \$6.6 million in fiscal year 2010. The MSSU Foundation holds assets of \$23 million, of which most are in restricted accounts for scholarships. Annually, the Foundation transfers to MSSU approximately \$900,000, an amount that is helpful but modest, given MSSU’s needs. The MSSU grant office is about three years old, and because MSSU is a teaching institution, the role of grants has been largely confined to TRIO programs and the like. Grant funding is in its infancy. MSSU hopes to increase grant funding over time, but acknowledge that this is a long-term goal. In short, other sources of income outside tuition and fees and appropriations are modest, at best.

Due to the low tuition and fees charged to our students, MSSU is currently one of two Missouri four-year public universities that fall below full federal Pell grant aid dollars. For fiscal year 2011, full federal Pell is \$5,550. All indications are that full federal Pell for fiscal year 2012 will continue to be \$5,550. In addition, students have an opportunity for supplementary aid dollars through the Access Missouri Financial Assistance Program. After implementation of fiscal year 2012 tuition increases, MSSU will be the *only* remaining four-year public institution that will still fall below the maximum Pell award of \$5,550, thus offering the neediest students the prospect of a higher education without any out of pocket expense from the student for tuition and fees. These students have the potential to graduate virtually debt free while obtaining a high quality university degree.

The tuition increase MSSU implemented for fiscal year 2012 received unanimous approval from the Executive Budget Committee on April 7, 2011, unanimous approval from the Board of Governors Budget Audit Sub-committee on April 11, 2011 and unanimous approval from the MSSU Board of Governors on April 15, 2011. Finally, the students at MSSU recognize the excellent value of education they have and will continue to receive at MSSU. The Student Senate expressed their support of MSSU by issuing the attached statement at their April 27, 2011 meeting.

Therefore, MSSU respectfully requests a waiver of the penalty outlined in HESFA. We understand this is a difficult and laborious process, and we are grateful for the opportunity to present our information to you for consideration.



MISSOURI SOUTHERN STATE UNIVERSITY  
STUDENT SENATE

April 29, 2011

STUDENT SENATE TUITION STATEMENT

MSSU Student Senate recognizes the need for a twenty dollar tuition increase. The Senate maintains as a primary concern, the preservation of the integrity of our institutional programs. Therefore, the Senate supports the institution's pursuit of a waiver to deter monetary penalties rendered by the state of Missouri; as such penalties would negatively affect the integrity of the institutional programs of MSSU.

A handwritten signature in cursive script, reading "Darrell Sour", written over a horizontal line.

Darrell Sour-Student Senate President

A handwritten signature in cursive script, reading "Samantha Quackenbush", written over a horizontal line.

Samantha Quackenbush-Student Senate VP

***Criterion #10 – Public comments about the material posted on the MDHE website pertaining to the institution's waiver request:***

This section intentionally left blank awaiting public comment.